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THE ONTARIO LOAN  
AND DEBENTURE  
COMPANY

**96<sup>TH</sup> ANNUAL REPORT  
1966**





## NEW SYMBOL MARKS PROGRESS

A new corporate symbol has been adopted by the Company to properly identify its operations and services to the public.

It is an important step for the Company. Throughout history, mankind has fashioned symbols to represent personal, group and national identities or interests. And a symbol, ideally, tells the public at a glance *who* and *what* you are.

With its new symbol, the Company has achieved this goal. It was designed to incorporate the initials "O L" of the Company in the form of a key to symbolize the full potential of the Company's services in providing the key to many of the things Canadians want and can obtain through savings and investment.

As can be seen from the example reproduced above, and on the front cover of this Annual Report, the symbol features strength of line that has instant and unique identification value for the Company.

The new symbol eventually will appear on all Company-originated material.



MAY 24 1967

## THE ONTARIO LOAN AND DEBENTURE COMPANY



### HEAD OFFICE:

LONDON  
137 Dundas Street  
(at Market Lane) 432-4158

### BRANCHES:

TORONTO  
2 Carlton Street  
Suite 1009 363-3195

HAMILTON  
42 James Street S.  
Suite 20 522-3506

OTTAWA  
77 Metcalfe Street  
Suite 1008 233-7749

LONDON  
Market Square 432-4158

ST. THOMAS  
525 Talbot Street 633-0950



# THE ONTARIO LOAN AND DEBENTURE COMPANY



M. F. BELL, President

## YEAR-END REPORT

### THE ECONOMY AND FUTURE PROSPECTS

Canada has continued to prosper in 1966. The value of goods and services produced this year will total \$57 billion, \$5 billion or 10 per cent higher than 1965. Employment, personal incomes, savings, dividends, profits — and taxes — all rose to record levels. The year ends with the economy operating close to full potential.

Those years are few when everything goes absolutely right and 1966 was no exception. There were two developments of concern this past year. First, the sharp rise in the pace of business activity began to produce price increases early in the year that threatened to get out of hand. Inflation is the meanest thief of all since it erodes savings. Fortunately, through an appropriate mix of fiscal and monetary restraint, the economy was deflected to a slower gait and price pressures were subsiding later in the year.

Second, as is usual at a time of high level economic activity, the demand for funds tended to outrun the supply. Interest rates rose to historic peaks in August and November and the competition for funds became intense. The large requirements for capital is part of a world wide development that an open economy such as Canada cannot escape.

Neither of these situations provides a comfortable climate for the operation of financial institutions. Nor has our path been smoothed by certain failures where questionable practices have been a shock to confidence.

However, we believe that brighter days lie ahead. The Canadian economy has demonstrated, without question, a strong potential for growth. The basic climate is healthy as we approach 1967. The easing of inflationary pressures will now permit a moderate relaxation of credit restraint and the supply and demand for funds should be better balanced in the months ahead. We can anticipate some relief from high interest rates as the year progresses. And finally the opportunities for the wise management of trusted monies will be possibly more attractive than they have been to date.

### DEPOSITOR AND DEBENTURE-HOLDER SECURITY

The absolute security of the moneys entrusted to us by our customers has always been uppermost in the Company's philosophy and investment policy. This philosophy has been tested over 96 years during which the Company has established an enviable record for strength and stability, maintained a reasonable annual return on shareholders' investment and paid dividends in every single year.

Considerable apprehension can be sensed on the part of savers following the default of two finance companies and the near-default of a financial institution over the past two years. A cautious Depositor or Debenture-Holder (present or prospective) would be wise to consider the safeguards underlying our attention to the absolute security of their funds as outlined on Page 8 of this Report.

We intend to continue to demonstrate our concern for the security of money entrusted to us. In our opinion, our unblemished history of steady, conservative growth combined with outstanding attention to soundness and safety inspires confidence, and we do not intend to change this formula.

On behalf of the Directors, Management and Staff, I wish to express sincere appreciation for the continued confidence and co-operation of Depositors, Debenture-Holders and Shareholders.

A handwritten signature in dark ink, reading "M. F. Bell". The signature is written in a cursive, flowing style.

MACKENZIE F. BELL, President



# THE ONTARIO LOAN AND DEBENTURE COMPANY

## GROWTH DURING 1966

The Company has completed its ninety-sixth year of operation with total assets now amounting to over \$80 million.

For added security of Depositors and Debenture-Holders, the further sum of \$600,000 has been allocated from this year's Profits and added to the Reserve Fund making the grand total now \$6,250,000. Depositors and Debenture-Holders will also appreciate in these times the Company's strong liquid position with Cash on Hand and with the Chartered Banks of more than \$2,450,000.

There was growth during the year in every major phase of the Company's activities. This growth was not of the magnitude of the period 1963-1965 but healthy nonetheless in a year of vastly increased competition and tight money.

## BRANCH DEVELOPMENT

The Company commenced full-scale branch operations in St. Thomas, Ontario, on December 1st, 1966. The attractive surroundings, the advance publicity and the natural awareness of this City towards our solid, respected background combined to generate a warm reception which was indeed gratifying to officers and staff.

The Company intends to pursue a branch expansion policy to take advantage of rapidly changing urbanization and population patterns together with the offering of increasingly-integrated services and facilities. Work has begun on a location in Woodstock, Ontario, which City, like St. Thomas, has interests, background and geography compatible with our own. This branch should be available in the spring of 1967.

Your Company anticipates an expansion of the branch operations established in 1964 in the metropolitan areas of Ottawa, Toronto and Hamilton. These branches have been largely mortgage operations to date but it is hoped that renewed emphasis on savings and debenture facilities will further their contributions to overall future growth.

## MANAGEMENT AND STAFF

I am particularly pleased to welcome Mr. Mackenzie F. Bell as our new President and Chief Executive Officer. Mr. Bell brings to the Company many years of banking experience and is well known in the London business community.

Other executive staff appointments during 1966 include Mr. Ken Leavens, C.A., a former manager in the London office of Clarkson, Gordon & Co., as Administrative Executive; and Mr. William Gordon, formerly an Inspector with one of the chartered banks, as St. Thomas Branch manager.

The experience and calibre of the Company's personnel is a continuing source of satisfaction. As referred to elsewhere in this Report, the length of service of many of the employees is outstanding and contributes in no small measure to the efficiency and accuracy with which customer service is carried out.

I wish to express my appreciation to all staff members for their loyalty and service throughout the past year.



E. W. CARPENTER  
Vice-President and General Manager

A handwritten signature in dark ink, reading "E. W. Carpenter".

E. W. CARPENTER, Vice-President and General Manager

## ASSETS

	<u>1966</u>	<u>1965</u>
Cash .....	\$ 466,641	\$ 589,923
Certificates of deposit with Chartered Banks including accrued interest .....	2,007,191	—
Loans fully secured by bonds and stocks — principal only .....	201,898	95,791
Securities including accrued interest carried at values which in aggregate do not exceed market value:		
Bonds of or guaranteed by the Government of Canada and Provinces of Canada .....	6,079,701	6,086,382
Stocks .....	973,523	939,175
	<u>9,728,954</u>	<u>7,711,271</u>
Mortgages — principal and accrued interest less reserve .....	<u>70,348,692</u>	<u>67,822,176</u>
 Fixed assets:		
Office premises — at cost less accumulated amounts written off (1966, \$189,443; 1965, \$183,798) .....	107,250	112,895
Office equipment — at cost less accumulated amounts written off (1966, \$99,122; 1965, \$85,470) .....	44,254	45,566
Alterations to leasehold premises — at cost less amortization to date .....	40,055	—
	<u>191,559</u>	<u>158,461</u>
	<u>\$80,269,205</u>	<u>\$75,691,908</u>

On behalf of the Board of Directors:

MACKENZIE F. BELL, *President*

ERNEST W. CARPENTER, *Vice-President and General Manager*

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## LIABILITIES

	<u>1966</u>	<u>1965</u>
Deposits including accrued interest .....	\$13,966,207	\$16,057,124
Debentures including accrued interest .....	56,821,286	50,919,570
	<u>70,787,493</u>	<u>66,976,694</u>
Other liabilities:		
Income taxes — Payable .....	258,854	163,110
Income taxes — Deferred .....	148,000	88,000
Dividends payable .....	100,000	100,000
Miscellaneous .....	136,190	122,773
	<u>643,044</u>	<u>473,883</u>
TOTAL LIABILITIES .....	<u>71,430,537</u>	<u>67,450,577</u>

## SHAREHOLDERS' EQUITY

Capital Stock (authorized \$4,200,000) issued and fully paid — 250,000 shares of \$10 par value .....	2,500,000	2,500,000
Reserve fund .....	6,250,000	5,650,000
Unappropriated retained earnings .....	88,668	91,331
	<u>8,838,668</u>	<u>8,241,331</u>
	<u>\$80,269,205</u>	<u>\$75,691,908</u>

## AUDITORS' REPORT

To the Shareholders of The Ontario Loan and Debenture Company:

We have examined the balance sheet of The Ontario Loan and Debenture Company as at December 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet presents fairly the financial position of the company as at December 31, 1966.

London, Ontario  
January 13, 1967

CLARKSON, GORDON & CO.  
Chartered Accountants.

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Chartered Accountants.



# THE ONTARIO LOAN AND DEBENTURE COMPANY

## Statement of Revenue and Expenses and Unappropriated Retained Earnings for the year ended December 31, 1966

(with comparative amounts for the year ended December 31, 1965)

REVENUE	1966	1965
Income from mortgage loans after transferring \$210,000 to mortgage reserve (1965, \$170,000) .....	\$ 4,915,256	\$ 4,687,746
Income from bonds and stocks .....	413,165	381,161
Other operating revenue .....	93,120	51,677
Total Revenue .....	<u>5,421,541</u>	<u>5,120,584</u>
EXPENSES		
Interest on borrowed money .....	3,458,077	3,197,595
Salaries, pension fund payments and other staff benefits .....	273,565	258,590
Depreciation and amortization .....	23,748	10,000
Other operating expenses including commissions, advertising, printing and stationery, etc. ....	289,814	320,544
Total expenses .....	<u>4,045,204</u>	<u>3,786,729</u>
Operating profit before income taxes .....	1,376,337	1,333,855
Provision for income taxes .....	679,000	667,000
Net profit for the year .....	697,337	666,855
(Earnings per share) .....	(\$2.79)	(\$2.67)
Less Dividends .....	100,000	100,000
	<u>597,337</u>	<u>566,855</u>
Unappropriated retained earnings — beginning of year .....	91,331	74,476
	<u>688,668</u>	<u>641,331</u>
Transfer to reserve fund .....	600,000	550,000
Unappropriated retained earnings — end of year .....	<u>\$ 88,668</u>	<u>\$ 91,331</u>

## STATEMENT OF RESERVE FUND

for the year ended December 31, 1966

(with comparative amounts for the year ended December 31, 1965)

	1966	1965
Balance — beginning of year .....	\$ 5,650,000	\$ 5,100,000
Add appropriation from income .....	600,000	550,000
Balance — end of year .....	<u>\$ 6,250,000</u>	<u>\$ 5,650,000</u>



# THE ONTARIO LOAN AND DEBENTURE COMPANY

## TEN YEAR PROGRESS REPORT

(in thousands of dollars)

	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957
Total Assets	\$80,269	\$75,692	\$69,746	\$53,381	\$49,660	\$46,582	\$44,748	\$44,185	\$44,821	\$41,037
Reserve Fund	6,250	5,650	5,100	4,100	3,850	3,650	3,500	3,300	3,300	3,200
Total Shareholders' Equity	8,839	8,241	7,674	6,918	6,682	6,496	6,327	6,130	6,107	5,969
Net Earnings Before Income Taxes	1,376	1,334	1,096	1,047	961	919	804	878	844	794
Net Earnings After Income Taxes	697	667	606	537	486	469	423	448	438	419
Average Balance During the Year of the Following:										
Mortgages	70,500	67,500	53,700	45,300	41,100	38,500	37,100	38,900	36,200	34,400
Debentures	53,400	45,800	38,400	35,200	32,100	29,500	28,300	28,800	27,600	25,300
Deposits	13,400	18,400	14,500	8,600	8,500	8,700	8,500	8,800	8,500	8,500
Earnings per Share	\$2.79	\$2.67	\$2.42	\$2.15	\$1.94	\$1.88	\$1.69	\$1.79	\$1.75	\$1.68
Earnings/Equity	7.89%	8.09%	7.90%	7.76%	7.27%	7.22%	6.69%	7.31%	7.17%	7.02%
Earnings/Assets	.87%	.88%	.87%	1.01%	.98%	1.01%	.95%	1.02%	.98%	1.02%



# THE ONTARIO LOAN AND DEBENTURE COMPANY

## BOARD OF DIRECTORS

MACKENZIE F. BELL  
GEORGE H. BELTON  
ERNEST W. CARPENTER  
RONALD C. DANNECKER  
JOHN R. GOSNELL  
DAVID M. GUNN  
ROBERT D. HARRINGTON  
FREDERICK W. P. JONES  
KENNETH J. SHEA  
RICHARD W. YANTIS

## OFFICERS

### LONDON

President	MACKENZIE F. BELL
Vice-President & General Manager	ERNEST W. CARPENTER
Assistant Manager	A. DONALD JOHNSTON
Administrative Executive	KENNETH R. LEAVENS, C.A.
Superintendent of Branches	UEL R. VAN SICKLE
Mortgage Administration	HERBERT W. BOSLEY
New Mortgage Executive	A. ROSS LINDSAY
Debenture Executive	GEORGE C. THIRSK
Insurance	ALAN G. WHITFIELD

### OTTAWA

District Manager	MAYNARD E. BUTLER
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### ST. THOMAS

Manager	WILLIAM D. GORDON
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### TORONTO

District Manager	JACK W. HOOTON
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### LONDON — MARKET BRANCH

Manager	ERIC HORTON
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### HAMILTON

District Manager	ROBERT W. RAWLINSON
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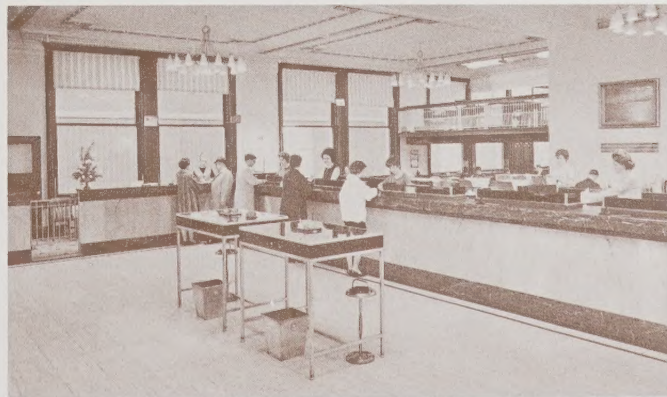
Members of Ontario Loan and Debenture Company's Quarter Century Club from *left-front*: Don Johnston, Thelma Lewis, Jean Young, Ellen Wood, Alan Whitfield. *Inset*: Jack Hooton. *Back*: Herb Bosley, Uel Van Sickle, Ross Lindsay, Ernie Carpenter, George Thirsk, Eric Horton.



View of new St. Thomas, Ontario, Branch Office



General view of machine room of accounting department at Head Office



Interior of Head Office,  
London, Ontario



## ONTARIO LOAN'S BACKGROUND AND FUNCTION

ONTARIO LOAN was founded in 1870 as the Ontario Savings and Investment Society, the present name emerging over the years as a result of the amalgamation of six such building and permanent investment societies.

Building societies originated in Scotland during the early 1800's and quickly spread to England and Canada. Originally, members subscribed regular sums to create a common pool of funds from which the members could borrow to become home owners. This idea was refined and expanded somewhat by prominent wealthy members of the community "in response to general requirements for assistance in the acquisition and improvement of real estate — to supply capital on easy terms of repayment upon the security of the freehold".

A good proportion of the early borrowings came from sterling debentures placed in Great Britain by agents of the Societies. With the accumulation of capital in Canada this source of funds gradually terminated.

The objects of Ontario Loan as defined in the original by-law in 1870 have not changed to this day:

"The objects for which it is established are, to encourage the accumulation of Capital by furnishing a safe and remunerative investment to its Shareholders, Depositors and Debenture-holders, to assist in the acquisition and improvement of real estate in the Dominion of Canada, by supplying Capital, on easy terms of repayment, upon the security thereof; to make advances upon and to purchase such securities as authorized by law and generally to carry out the purposes of the said (Loan & Trust Corporations) Act."

The Ontario Loan functions primarily *to encourage the practice of thrift*. The encouragement is twofold:

1. high interest earnings paid on several types of deposit accounts or debenture issues coupled with
2. the utmost attention to the absolute security of the depositors' money which in turn is accomplished by:
  - (a) investment in stable assets
    - 1st mortgages on productive real estate
    - Government (guaranteed) bonds and other securities.
  - (b) supervision of the Superintendent of Insurance on behalf of the Loan & Trust Corporations Act.
  - (c) a very large Shareholders' Equity (\$8,838,668 at December 31, 1966) as the ultimate security for customers' funds.

On the opposite page the statements of some of the outstanding Officers of Ontario Loan have been reproduced to emphasize our pride in the Company's heritage and their guidance through the years in combining the encouragement of thrift with maximum security.



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#### FEBRUARY 12, 1873, 2nd ANNUAL REPORT

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"The rapid sale of stock and the premiums paid, are evidence of the existence of a large and wealthy class in the community desirous of obtaining a permanent investment for capital ensuring a regular income, free from the inconveniences and irregularities attending investments upon mortgages in the ordinary way, or the uncertainties and fluctuations attending institutions deriving profits from advances made upon personal security."

GEORGE G. MAGEE,  
*President*

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#### FEBRUARY 12, 1896, 25th ANNUAL MEETING

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"A man with his own capital, providing he is in a position to suffer a possible loss without serious injury, may legitimately take risks that would be imprudent for us to take. In a company of this kind I deem ample security should be our first consideration."

JOHN McCLARY,  
*President*

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#### FEBRUARY 10, 1926, 55th ANNUAL MEETING

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"We are not engaged in a business where, if rightly conducted, there is opportunity for unduly large profits. Mortgage Loan Companies in essence are a convenient agency surrounded by many safeguards for procuring moneys where there is a surplus supply and loaning it out to those who can safely and legitimately use it for acquiring farms or other Real Estate and for the improvement and development of their property."

A. M. SMART,  
*President*

---

#### FEBRUARY 14, 1945, 74th ANNUAL MEETING

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"The outstanding service which your Company renders to the public apart from supplying mortgage money, is that of affording our thousands of depositors and debenture holders the best security for their funds and to both classes a better interest return than they could otherwise obtain for their call or short term money. In this manner by attracting savings and short term investment money to us and affording it the best of security we are functioning as a valuable thrift institution."

ARCHIBALD McPHERSON,  
*President*

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#### FEBRUARY 10, 1960, 89th ANNUAL MEETING

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"I recognize there are some mortgages available at a greater rate than  $7\frac{1}{2}\%$ , nevertheless your directors do not feel they afford sufficient security under our Company's admittedly conservative investment policy. We should have  $2\%$  or  $2\frac{1}{4}\%$  spread between the rate at which we borrow and the rate at which we lend . . . We hope that our decision and policy will prove to have been in the best interest of the Company."

ALEXANDER JEFFERY,  
*President*



SAVE MORE WHERE IT  
PAYS MORE TO SAVE



# THE ONTARIO LOAN AND DEBENTURE COMPANY

(INCORPORATED AND ESTABLISHED 1870)

CAPITAL (Fully Paid) \$2,500,000

RESERVE FUND \$6,250,000